

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE PETITION OF                    )  
DELMARVA POWER & LIGHT COMPANY FOR            )  
REVIEW AND APPROVAL OF ITS PROPOSAL            )       PSC DOCKET NO. 19-0110  
TO CONSTRUCT A SATELLITE NATURAL GAS            )  
STORAGE FACILITY                                    )  
(FILED FEBRUARY 22, 2019)                        )

ORDER NO. 9388

**PROCEDURAL ORDER BY THE HEARING EXAMINER**

**AND NOW**, this 20th day of May, 2019, the Hearing Examiner in this Docket determines and orders the following:

**I.     BACKGROUND**

1.     On February 22, 2019, Delmarva Power & Light Company ("Delmarva" or the "Company") filed the above-captioned petition ("Petition") with the Commission seeking review and approval of its proposal to construct a satellite liquified natural gas storage facility in the southern region of its natural gas service territory.

2.     On April 3, 2019, this Docket was created by Order No. 9362 of the Public Service Commission of the State of Delaware ("Commission") to consider Delmarva's Petition. In Order No. 9362, I was designated as the Hearing Examiner for this matter pursuant to the provisions of 26 Del. C. § 502 and 29 Del. C. Ch. 101 to schedule and conduct, upon due notice, such public comment sessions and evidentiary hearings, as may be necessary, to have a full and complete record concerning the justness and reasonableness of the Petition.

3. On April 30, 2019, the Delaware Public Advocate ("DPA) and the Delaware Public Service Commission Staff ("Staff") filed a Joint Objection to the Petition (the "Objection").

4. By email to the parties dated May 7, 2019, I advised them that I did not see an Objection as a filing pursuant to PSC Rule 1.7.1 and asked them to confer and arrive at an agreement as to how to proceed in the Docket?

5. On May 17, 2019, I received a letter from counsel to Delmarva advising me that Delmarva and counsel to DPA and Staff had agreed on a recommended procedure ("Agreed Procedures") for resolving the Objection. In the Agreed Procedures, the parties recommended that:

(i) The Objection be treated as a "Motion to Dismiss/for summary judgment."

(ii) Delmarva stated that it does not assert the Commission's approval is a prerequisite to constructing the gas storage facility.

(iii) Delmarva will file a response to the Objection on May 30, 2019.

(iv) No further testimony, discovery, evidentiary hearing or other record is required for me to make a recommendation to the Commission - and for the Commission to make a determination in this Docket.

(v) As Hearing Examiner, I am to consider the Objection and Delmarva's response and then issue a recommendation to the Commission by June 28, 2018 as to whether the Commission should

(a) approve a regulatory asset, (b) approve Delmarva's proposed

alternative method of recovery, or (c) approve neither (a) nor (b).

(vi) The parties will file any exceptions to my recommendations as provided in the PSC Rules.

(vii) The Commission will then deliberate on my recommendations.

6. I have requested that Delmarva's letter containing the Agreed Procedures be filed in Delafile.

## **II. DISCUSSION.**

7. I have considered the Agreed Procedures filed on behalf of the Parties and find them to be reasonable and in the public interest. They should expedite consideration and resolution of a key issue in this Docket in an efficient manner.

## **III. PROCEDURAL ORDER.**

8. Accordingly, I approve the Agreed Procedures as filed on behalf of the Parties.

9. Delmarva is to file its Response to the Objection of DPA and Staff by May 30, 2019. In its Response, Delmarva should provide a detailed comparison of the implications and impacts upon both ratepayers and Delmarva of the three (3) potential methods of recovery for its proposed gas storage facility: the two (2) alternative methods of recovery that it is proposing (regulatory asset and its proposed "alternative method" of recovery) and a traditional method of recovery that DPA and Staff recommend in their Objection. Delmarva should also include a detailed rationale as to why each of the two (2) alternative methods of recovery is superior to both ratepayers and to Delmarva than the traditional method of

recovery. In providing such comparisons, Delmarva should use such assumptions and projections it deems reasonable, consistent with Delmarva's capital structure and consistent with past asset recovery practices and allowances.

10. Upon receiving Delmarva's Response, I will take such further action and/or make such recommendation to the Commission as I believe the filings justify consistent with the law, rules and regulations of the State of Delaware and the Delaware Public Service Commission.

Respectfully,

**/s/ Glenn C. Kenton, Esq.**

Hearing Examiner